

VZCZCXRO7130
PP RUEHROV
DE RUEHNR #1599/01 2081214
ZNY CCCCC ZZH
P 271214Z JUL 09
FM AMEMBASSY NAIROBI
TO RUEHC/SECSTATE WASHDC PRIORITY 0489
INFO RUCNIAD/IGAD COLLECTIVE PRIORITY
RUEHDR/AMEMBASSY DAR ES SALAAM PRIORITY 6644
RUEHLO/AMEMBASSY LONDON PRIORITY 3284
RUEHFR/AMEMBASSY PARIS PRIORITY 3154
RHEHNSC/NSC WASHDC PRIORITY
RUEHC/USDA FAS WASHDC PRIORITY 1841
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RHMFISS/CJTF HOA PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUZEFAA/CDR USAFRICOM STUTTGART GE PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 04 NAIROBI 001599

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E.O. 12958: DECL: 07/27/2019

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SUBJECT: SCENESETTER FOR SECRETARY CLINTON'S VISIT TO
KENYA, AUGUST 4-6, 2009

Classified By: Ambassador Michael Ranneberger, Reasons 1.4 b,d

11. (C) Summary: Welcome to Kenya. Your visit comes at a time when Kenya's progress on critical reforms is not moving quickly enough, and when the country continues to struggle with the social, political, and economic aftermath of the crisis following the disputed December 2007 general elections. The controversial announcement of the victory of incumbent President Mwai Kibaki led to widespread violence in early 2008, in which 1,500 people died and 500,000 were displaced. The most important challenge facing Kenya today is that of advancing the ambitious reform agenda laid out in the Kofi Annan-brokered power sharing agreement that ended the immediate post-election crisis in February 2008. It is particularly crucial that Kenya resolve structural and institutional flaws via the constitutional reform process well in advance of the next presidential elections, currently scheduled for December 2012. The security situation has largely returned to pre-election status quo, although the economic downturn has contributed to an increase in crime and poverty. More than 50 percent of Kenyans now struggle to meet basic needs. Food insecurity caused by drought, corruption, and post-election violence has contributed to instability, and the continuing instability in Somalia creates humanitarian and security problems in Kenya's Northeastern province. Reconciliation and reconstruction efforts in the areas hardest hit by the post-election violence are being implemented, but tensions in some areas remain high. The United States played a decisive role in bringing about the political solution that resulted in the coalition government, and the Kenyan people, as well as both Kibaki and Prime Minister Odinga, are extremely appreciative of this role. The Kenyan people continue to look to U.S. leadership as we exert pressure for full implementation of the reform agenda.

12. (C) Summary, cont. The coalition government has undertaken some reforms, but much work lies ahead to create a stable long-term framework for governance and growth. Kenya's economy took a serious hit as a result of the post-election crisis, especially in the agriculture and tourism sectors. This damage was then compounded by double digit inflation, drought, and continued high levels of corruption. The global economic crisis has further exacerbated economic problems by negatively impacting remittances, tourism, and horticultural exports. Per capita GDP growth will likely be negative in 12009. As a long-standing partner of Kenya, the United States has been instrumental in advancing political dialogue,

responding to humanitarian crises, and pressing the coalition government to implement needed reforms and to combat corruption and the culture of impunity. Our continued support for the stabilization, reform, and reconciliation process will be critical over the next two years. Kenyans also have high hopes that the Obama presidency (he is viewed here as a son of Kenya) may bring additional resources and attention to the country. There is a sense of disappointment among the Kenyan political class that President Obama chose to make his first visit to sub-Saharan Africa to Ghana. These expectations present both a challenge and an opportunity, as we seek to inject some realism while at the same time leveraging U.S. influence to press for continued progress on the reform agenda. If results are not achieved on reform within the next 12 months, momentum for historic change will be lost. End summary.

Overview of U.S.-Kenya Partnership

¶3. (U) The U.S. has spent the last 15 years strengthening our partnership with Kenya as an emerging multiparty democracy. Over \$ 2.5 billion in total public and private resources flow from the United States to Kenya annually. Bilateral trade in 2007 amounted to \$909 million, with a U.S. trade surplus of \$250 million. U.S. direct investment in Kenya totals about \$68 million (2006 estimate). About 10,000 Americans live in Kenya. We have leveraged our close partnership with Kenya to encourage dialogue and cooperation between Kibaki and Prime Minister Odinga. We have been clear in delivering the message

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that the success of our bilateral relationship currently rests in the success of the coalition government and the prompt implementation of key reforms. Kenyans across the political, social, and ethnic spectrum continue to express their deep appreciation of the decisive role the United States played in ending the political crisis.

¶4. (U) The U.S. Mission in Kenya serves as a vital regional platform to promote U.S. interests throughout much of Africa. It is the largest U.S. diplomatic mission in sub-Saharan Africa, comprising 19 federal government agencies or offices, many of which have regional mandates. Among these agencies are the U.S. Agency for International Development, Peace Corps, the Library of Congress, the Centers for Disease Control and Prevention, and the Departments of State, Defense, Commerce, Agriculture, Homeland Security, Treasury, and Justice. U.S. Mission Kenya also represents the United States to United Nations bodies headquartered in Nairobi (the UN Environmental Program and UN. Habitat).

¶5. (U) The U.S. has also led the international response to the humanitarian crisis and provided more than \$126 million in humanitarian assistance in fiscal year 2008. Much of this was for immediate assistance to those affected by the post-election violence, but also for refugees and those affected by the current drought. We provided support to the Kenyan Red Cross Society, various UN agencies, and numerous NGOs for rapid response activities, water and sanitation programs, distribution of emergency relief supplies, women and children's protection programs, nutrition and health projects, and support for community-based peace and reconciliation initiatives. We continue to provide increased support for food aid to drought-affected regions of Kenya. To date in fiscal year 2009, we have donated more than 75,000 metric tons of food aid valued at \$87 million to millions of food-insecure Kenyans. We have also provided approximately \$48 million in food aid to refugees in Kenya. In addition, a USDA GSM-102 credit of \$50 million is now available for private sector imports of desperately needed grains, particularly white maize, from the United States.

Reform, Corruption Challenges Dominate Political Scene

¶6. (SBU) Under the Kofi Annan-brokered power sharing agreement signed in February 2008, a coalition government was formed with President Kibaki keeping his position and Odinga filling the newly-created role of Prime Minister. Cabinet portfolios are divided between members of Kibaki and Odinga's political parties. This coalition government has been charged with implementing a host of structural and institutional reforms, including passing a new constitution, and addressing judicial, police, land, and electoral reforms. The government also agreed to establish a local Special Tribunal to try people who financed and/or incited the post-election violence. The government must actively address corruption, which continues to impact negatively on Kenya's recovery. Kenyans involved in fighting corruption routinely refer to a "feeding frenzy" from all sides of the political spectrum within the coalition government, fueling cynicism among the public about the coalition's commitment to reform. Senior members from both of the main political parties continue to posture against one another over sensitive issues such as holding accountable perpetrators and organizers of post-election violence and those involved in recent corruption scandals regarding maize and oil imports. There is also considerable jockeying for influence within each of the parties themselves. Since this is President Kibaki's final presidential term, rivalries within his Party of National Unity are particularly strong as key figures strive to position themselves for presidential candidacies in 2012.

¶7. (C) The coalition government has yet to hold accountable perpetrators, organizers, and financiers of post-election violence. A government-appointed commission (the Waki Commission) investigating post-election violence recommended creating a domestic special tribunal. However, Parliament

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in February rejected legislation to establish the tribunal. Frustrated by the government's inaction, Kofi Annan on July 8 released to the International Criminal Court the names of persons identified by the Waki Commission as being high-level organizers and financier of post-election violence, although this does not preclude the establishment of a special tribunal by the government. Several influential ministers (including the current ministers of finance and agriculture) are likely to face prosecution if the commission's recommendations are implemented. This is a source of tension within the coalition, as key figures from both parties may be indicted. Parliament has adopted a law outlining the process for drafting a new constitution and a presidentially-appointed Committee of Experts is working to develop for Parliament a menu of options to resolve three contentious issues: the scope of presidential and/or prime ministerial powers; the devolution of political power and government resources; and the timing in which a new constitution would take effect. A new constitution may be put to a referendum in early to mid-2010. The former electoral commissioners have been dismissed with an interim electoral body established. Its most important task is to prepare the groundwork for the constitutional referendum.

Kenyan Economy Shrinking

¶8. (SBU) The Kenyan economy grew by seven percent in 2007, the highest rate in 30 years. However, the post-election violence greatly reduced agricultural and tourism sector production, and the economy grew only 1.7 percent in 2008. Given that the population is growing at a rate of 2.9 percent, this represents a per capita contraction and has prompted recession forecasts for 2009 when even the most optimistic economists predict growth of only 3 percent. Double-digit inflation in most of 2008 and early 2009 was caused by sharply rising food and fuel prices as well as a weakening shilling. The global economic crisis will further slow Kenya's economic recovery as remittances and demand for

tourism and key exports (cut flowers, tea, coffee) decline. In many regions of Kenya, the fall rains largely failed, creating drought conditions in many areas and compounding food shortages caused by the post-election violence's disruptive effect. Kenya is also likely to experience a decline in foreign direct and portfolio investment (the result of a weak stock exchange and the global crisis). Although the Kenyan people are traditionally long-suffering, food shortages and tough economic conditions hold the potential for contributing to social unrest.

¶9. (SBU) To pull the vast majority of Kenyans out of poverty and fully realize its economic potential, Kenya needs to reduce the cost of doing business and attract more investment to create more jobs and reduce the birth rate. This will require Kenya to rebuild the country's decrepit infrastructure, punish corruption, improve security, and provide more affordable and reliable energy. Kenya continues to benefit from the Africa Growth and Opportunity Act (AGOA), but must diversify out of the apparel industry if it hopes to avoid losing out to its global competitors.

Security Challenges and Programs

¶10. (C) In addition to the post-election violence, Kenya faces a number of other security challenges, particularly in its least-developed areas along the borders with Somalia, Ethiopia, Sudan, and Uganda as well as along its coastline. Piracy attacks in the area are increasing and have attracted international concern. In January 2009, the United States and Kenya signed an MOU in which Kenya agreed to accept and prosecute pirates captured off the coast of East Africa. Kenya currently has 100 piracy suspects in custody awaiting trial. However, Kenya's capacity to absorb additional new cases is limited, and the deterrent effect of prosecution is negligible given political and economic conditions in Somalia and shipowners, continued willingness to pay large ransoms.

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In 2008, security along Kenya's border with Somalia deteriorated steadily. Militia incursions and refugee flows across the land border from Somalia into Kenya have spiked and the refugee camp at Dadaab in northeastern Kenya is seriously overcrowded. This is straining an already overstretched ecosystem and underemployed, undereducated host population and will likely increase the appeal of recruiters from Somalia-based militia and terrorist organizations. Efforts to expand the camp are stalled as the government seeks programs to address the concerns of the local population as a quid pro quo for additional land allocation for refugees. Somali terrorist organization Al-Shabaab has dramatically stepped up its recruiting efforts in Kenya among ethnic Somali Kenyans and even non-Somali Muslims. Kenyan youths have been implicated in suicide bombings against AMISOM and TFG forces inside Somalia.

¶11. (C) In Kenya's arid north, the age-old cycle of livestock raids and revenge killings is worsening. The increased frequency and duration of global warming-related drought, the unchecked flow of small arms, and the commercialization of livestock raiding have all contributed to this trend of insecurity. Communal concepts of responsibility mean that women and children are frequent targets of revenge attacks in these areas. Kenya's security forces are poorly equipped to deal with these challenges. In recent operations in western and northeastern Kenya, they (particularly the police) have responded to insecurity with excessive force. Local and international human rights organizations have accused both the military and police of committing serious abuses. In northern areas like Marsabit and Turkana, communities are left largely to their own devices when confronting threats to their security.

¶12. (SBU) Kenya is a key nation in the East Africa Regional

Strategic Initiative (EARSII), which was established to coordinate U.S. counterterrorism (CT) efforts throughout the Horn of Africa and Yemen under the 3D (Diplomacy, Development, Defense) concept. A key component of our CT effort with the GOK is the Office of Antiterrorism Assistance (ATA) program, run by the State Department's Bureau of Diplomatic Security. Kenya is one of seven countries with an in-country ATA program. ATA is intended to improve the capability of law enforcement officers and agencies to predict, prevent, deter and react to terrorist acts. Other CT assistance and coordination efforts with Kenyan law enforcement and judicial agencies are carried out by the offices of the Department of Justice Resident Legal Advisor, the Department of Homeland Security, and the Legal Attache.

¶13. (SBU) The Kenya U.S. Liaison Office coordinates training and assistance to the Kenyan armed forces and a liaison office of the Combined Joint Task Force Horn of Africa is responsible for the activities of military Civil Affairs teams operating within Kenya. These efforts center on the development of a more robust border security capability and capacity building for Kenya's maritime forces.

¶14. (SBU) Kenya has received section 1207 funding to help decrease the risk of extremism along the Somali border and to help stabilize the political environment in the wake of the post-election violence. AFRICOM and its components will be vital to the success of these programs, which include a focus on youth who are vulnerable to exploitation by advocates of violence and extremism.

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